

Change

**NATIONAL ASSOCIATION
OF REAL ESTATE BROKERS**

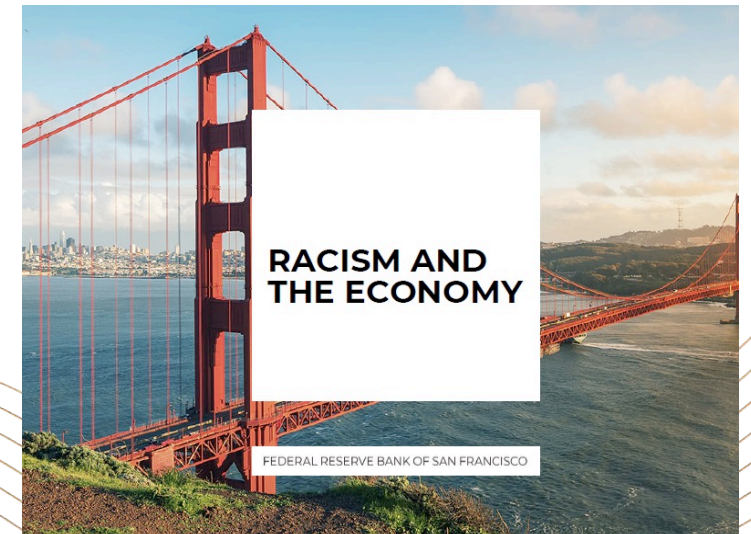
**JULY 26, 2021
CLEVELAND, OH**

Decorative wavy lines in a light orange color, consisting of multiple overlapping curves that sweep across the bottom right portion of the slide.

LET'S TALK ABOUT REDLINING



- Redlining is the practice of disadvantaging minority communities for non-economic reasons
- Redlining results in lower homeownership rates, higher mortgage costs, and lower home prices



REDLINING WAS INVENTED DURING THE JIM CROW ERA

- 1930s: Home Owners' Loan Corporation (HOLC) under the supervision of the Federal Home Loan Bank Banks (FHLBB), invented redlining.
- HOLC's stated mission was to expand homeownership

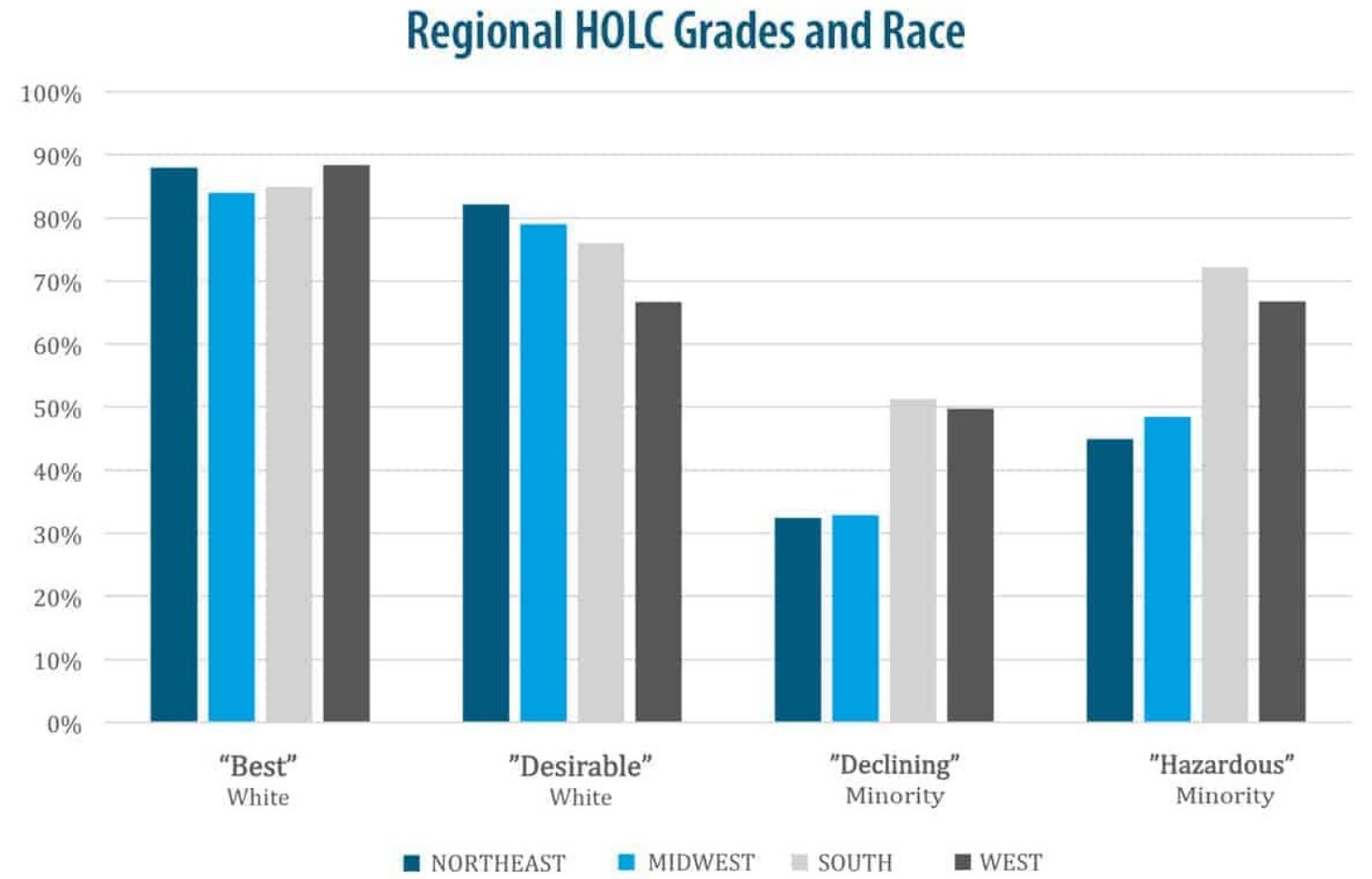
D-1 This area of some 20 blocks occupies a comparatively level section which is inhabited by semi-skilled laborers, low-wage "white collar" workers, and service group employees, with incomes ranging from \$1,000 to \$2,000. There is a decided concentration of undesirable racial elements. More than half the Negro population of San Francisco are located here, and it is considered a highly hazardous area. It is zoned second-residential with considerable provision



“CREDIT RISK” IS THE TRADITIONAL JUSTIFICATION FOR REDLINING





HOLC graded each neighborhood in America’s largest cities based on perceived credit risk

An area with a high concentration of “undesirable racial elements” such as the “Negro population” were “considered a highly hazardous area.”

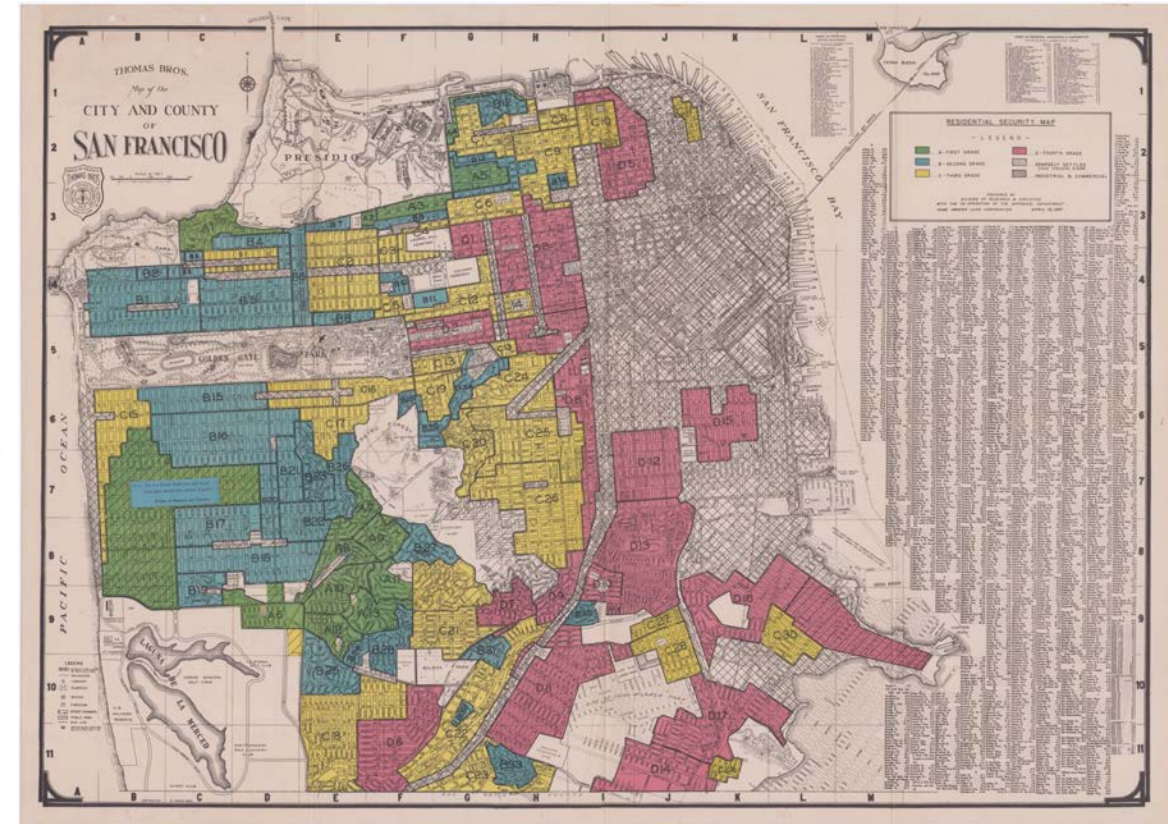


Sources: HOLC (1937), Mapping Inequality; NCRC.org/holc

“HI-TECH” DIGITAL MAPPING TECHNOLOGY WAS USED TO REFINE REDLINING

L E G E N D			
Exclusively White		A FIRST GRADE	Eligible for 80% of mortgage value
Mostly White		B SECOND GRADE	Eligible for 60-80% of mortgage value
Mixed, Poor		C THIRD GRADE	Eligible for only 15% of mortgage value
Mostly Black		D FOURTH GRADE	Ineligible for mortgage insurance

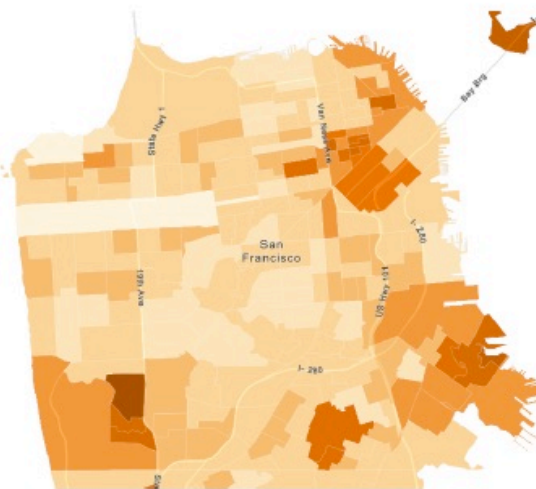
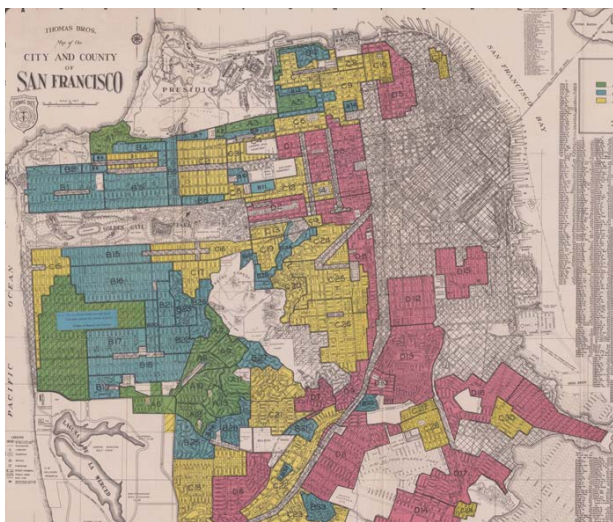
90% of Blacks lived in communities designated Yellow or Red



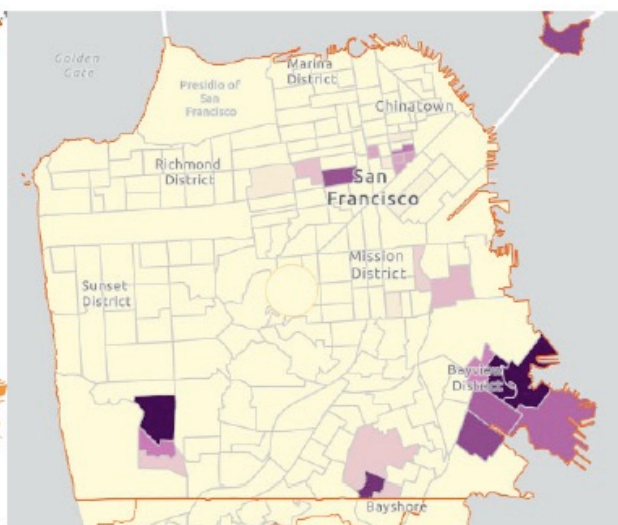
Sources: HOLC (1937), Mapping Inequality; Kirwan Institute (legend)

JIM CROW REDLINING CONTINUES TO IMPACT BLACK COMMUNITIES TODAY

Indicators for San Francisco, 2018



POVERTY



ASTHMA

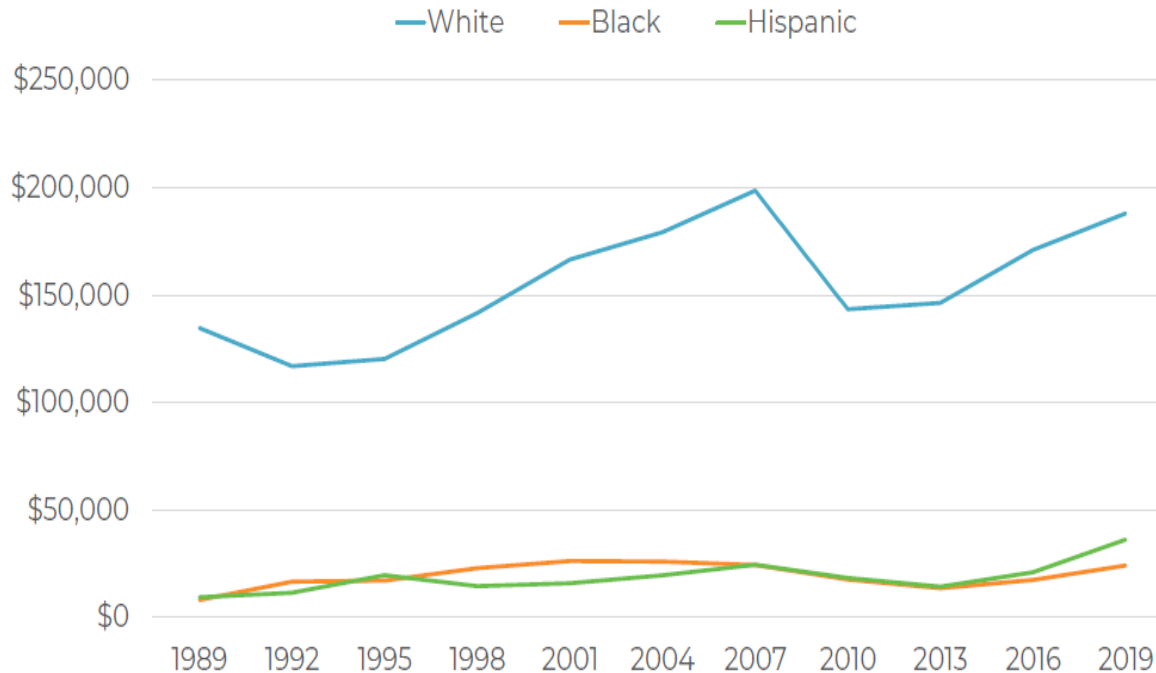


POOR MENTAL HEALTH

Note: Darker shaded areas represent higher rates of incidence. For adult population in 2018
Sources: ACS 2014-18, 500 Cities Project, CDC

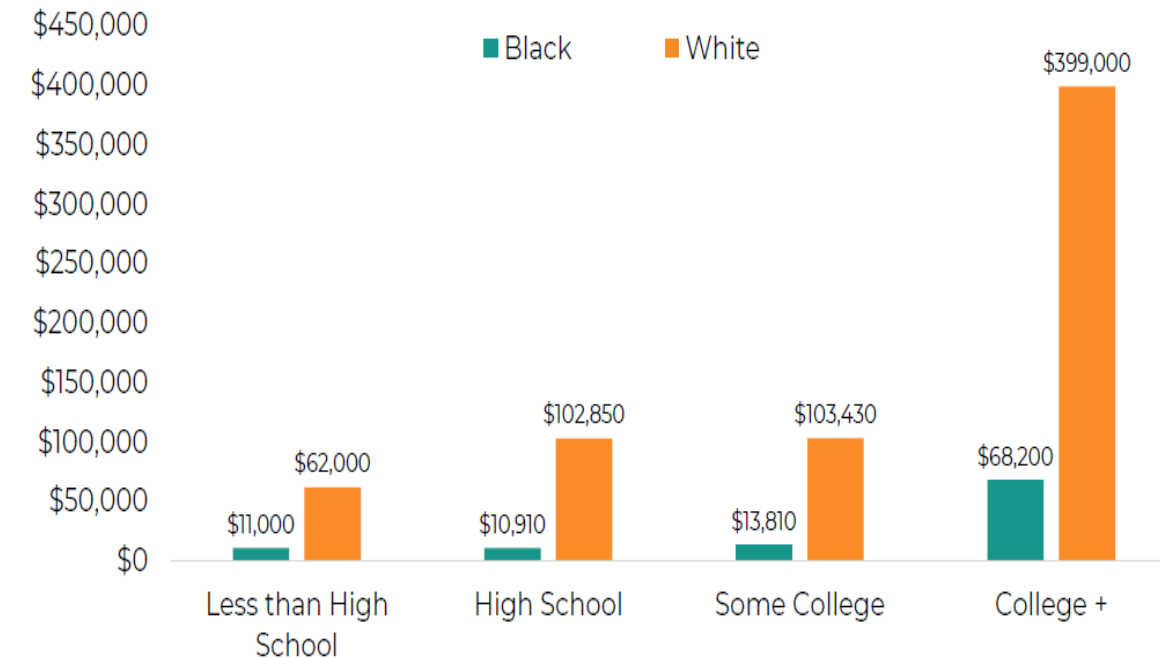
THE RACIAL WEALTH GAP PERSISTS

Median Household Net Worth by Race, 1989-2019



Source: Survey of Consumer Finances, Federal Reserve Board.

Median Household Net Worth by Education and Race, 2016



Source: 2016 Survey of Consumer Finances.

Note: "Some College" includes those with associates degrees; "College" refers to bachelor's degrees and higher.

THOSE WHO REDLINED PORTRAYED THEMSELVES AS NOBLE

HOLC / FHLBB Claims



Their Actions Resulted in

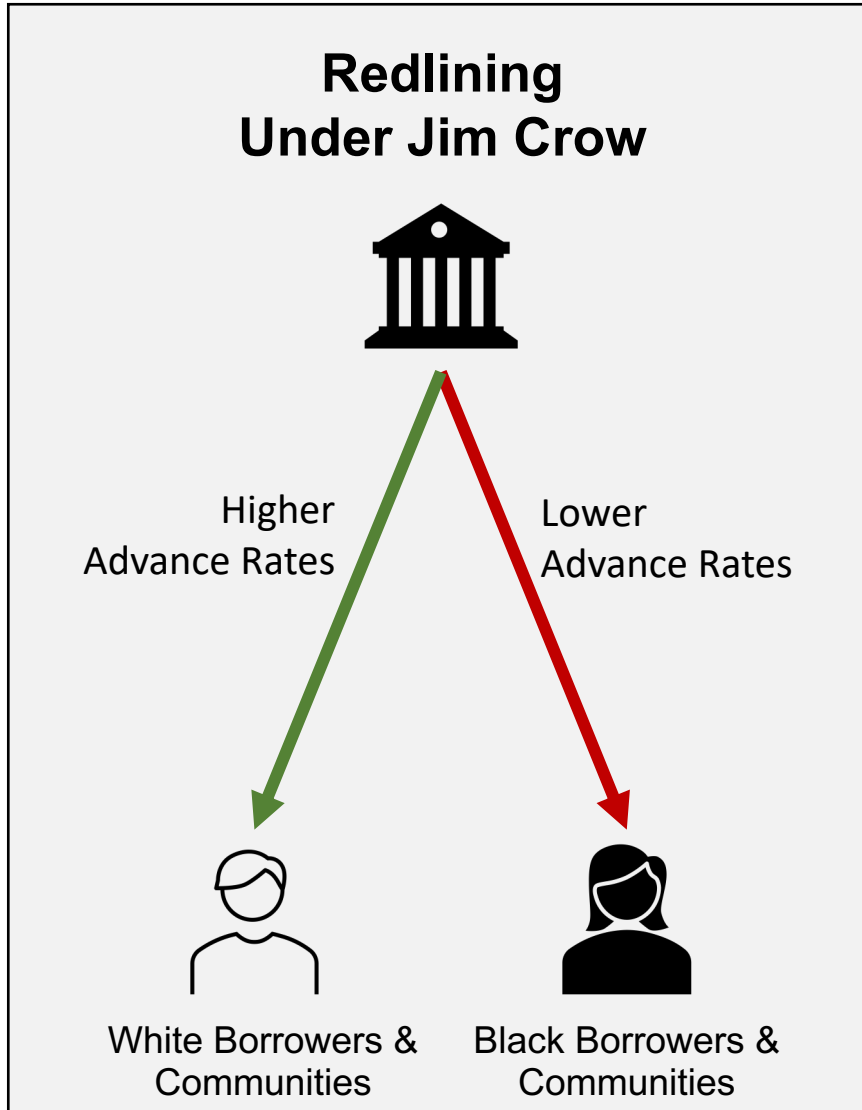
**Net Profits for the
Government**

**Home Price Disparity
based on Race**

**Wealth Disparity Between
Black and White Americans**

Sources: HOLC (1937), Mapping Inequality

REDLINING WAS DIRECT AND EXPLICIT DURING JIM CROW ERA



- **90% of Black Americans lived in communities eligible for financing of only 0-15% of their home's value under FHLB/HOLC policies**
- **Not economically justifiable based on Credit Risk**
- **Resulted in lower home prices, lower investments, and less economic opportunity due to higher financing costs**

NAREB'S FOUNDING WAS AN IMPORTANT RESPONSE TO REDLINING



NAREB's founders dedicated themselves to **fair housing for all** and **Democracy in Housing.**

NAREB Founded on July 29, 1947, two days after HOLC was abolished

WITH THIS BACKGROUND, I AM HONORED TO SPEAK TO YOU TODAY



Experience:

- The Change Company (CDFI); Founder
- National Diversity Coalition (Non-Profit); General Counsel
- Banc of California (National Bank); Founder, CEO, and Chairman

Awards include:

- ✓ Giraffe Award for willingness to stick neck out for the community
- ✓ Two Guinness World Records for financial literacy
- ✓ Best CEO for Diversity
- ✓ Best CEO for Women
- ✓ Outstanding CRA Rating
- ✓ Forbes Top Banks CEO (2x)
- ✓ Fortune Top Ten List of Accelerators for fastest growing businesses

I FOUNDED **THE CHANGE COMPANY** TO EXPAND HOMEOWNERSHIP – ESPECIALLY FOR BLACK, LATINO, AND LOWER INCOME AMERICANS



Partners with Netflix to Expand Black Homeownership by \$1 billion

NETFLIX

The Change Company has also announced \$1 billion in commitments for Latino Homeownership and Homeownership in LMI Communities

A screenshot of a Business Wire news article. The header includes the Business Wire logo and navigation links: HOME, SERVICES, NEWS, EDUCATION, ABOUT US, and a search bar. The article title is "The Change Company Partners with Netflix to Expand Black Homeownership". The date and time are "March 01, 2021 10:14 AM Eastern Standard Time". The text of the article states: "IRVINE, Calif.--(BUSINESS WIRE)--The Change Company, America's Community Development Financial Institution (CDFI), announced today its partnership with Netflix to expand Black homeownership in America. The Netflix investment in affiliates of The Change Company is focused on bringing racial equity to home lending by financing Black homeowners, fairly and responsibly." A quote from Netflix Treasury Director Shannon Alwyn is included: "We invite more companies to join the movement and support visionary programs like The Change Company's Black Homeownership Initiative." - Netflix Treasury Director Shannon Alwyn. There is a "Tweet this" button. The article continues with a quote from Chris Gardner, Director of The Change Company, stating: "It is critical to eliminate the wealth gap and break the pattern of poverty in our Black communities. Homeownership is a critical and necessary part of the solution. Our partnership with Netflix will enable thousands of Black Americans to achieve 'Happyness' for themselves and their families." The article concludes with a quote from Netflix Treasury Director Shannon Alwyn: "Black and other historically marginalized leaders have been fighting to better their communities for decades but have lacked the capital to do so. That is why Netflix invested \$10 million in The Change Company's initiative as part of our initial \$100 million commitment to support Black communities," said Netflix Treasury Director Shannon Alwyn. "We invite more companies to join the movement and support visionary programs like The Change Company's Black Homeownership Initiative."

OUR ADVOCACY FOCUSES ON REDLINING THAT CONTINUES TO EXIST TODAY

**Methods of redlining have changed –
and the practice now is less transparent –
but the results are the same**

- There are numerous examples of structural economic inequalities and systemic racism in the financial services sector that continue today
- I want to discuss a FHLB/FHFA case study about 21st Century Redlining
- There exists a unique and timely opportunity for effective advocacy

**BUSINESS
INSIDER**

June 30, 2021

Housing segregation is still happening decades after redlining was ruled illegal, Biden's CFPB says

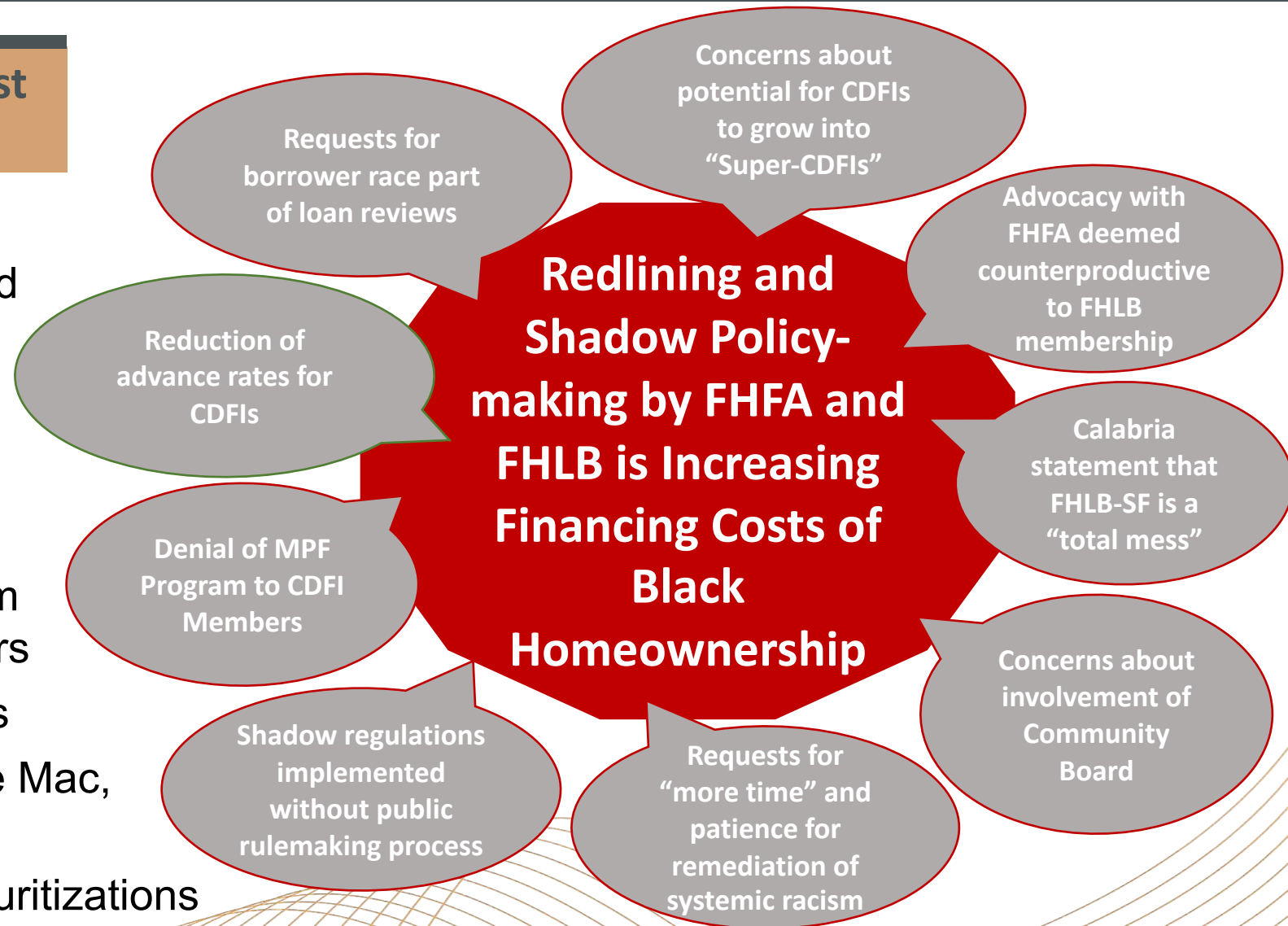
Ayelet Shetty Jun 30, 2021, 12:11 PM

- The CFPB just found fresh evidence of redlining, which has been illegal for over half a century.
- It found housing discrimination that prevented minority neighborhoods from receiving financial services.
- The Biden administration has taken other steps to increase homeownership for Black Americans.

FOUNDING THE CHANGE COMPANY, A NATIONAL BANK, AND SERVING AS GENERAL COUNSEL OF NATIONAL DIVERSITY COALITION HAS BEEN EYE-OPENING

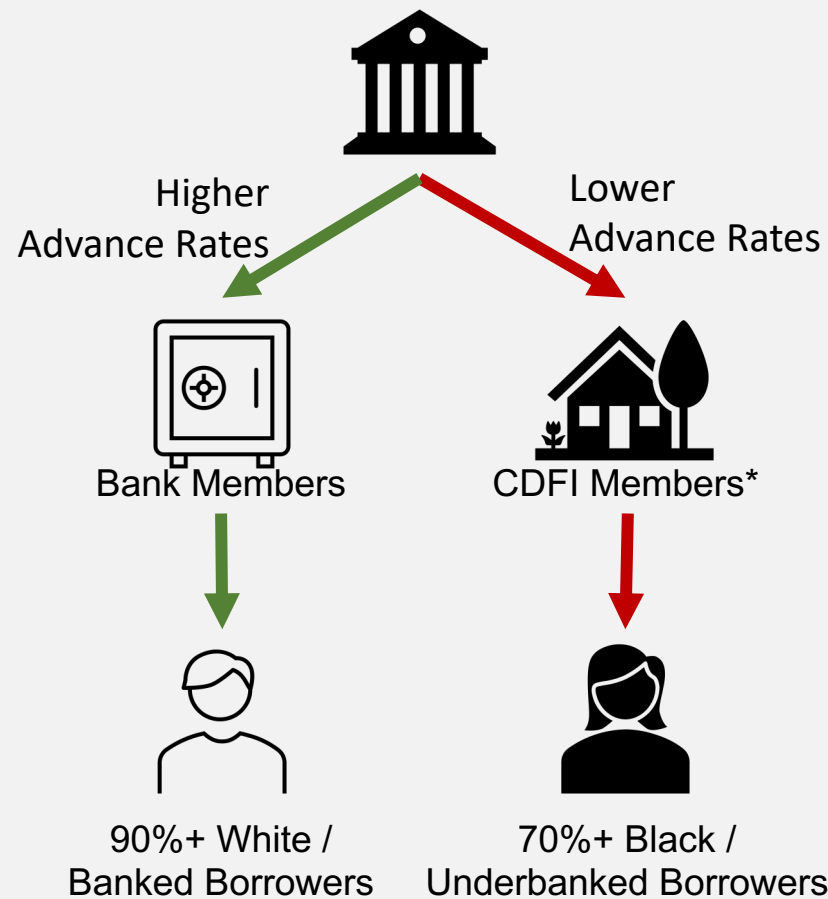
The Change Company is the Largest CDFI Home Lender in America.

- \$7+ billion in annual lending
- 70%+ of loans to Black, Latino and Low Income Borrowers
- \$1+ billion in assets
- \$200+ million in equity
- Investment grade credit rating: A-
- \$250+ million in capital raised from 80 Banks and institutional investors
- \$1+ billion in financing from Banks
- Approved by Fannie Mae, Freddie Mac, Ginnie Mae as seller-servicers
- Loans financed in Wall Street securitizations



GOVERNMENT SANCTIONED REDLINING RE-EMERGED AT FHLB UNDER FHFA DIRECTOR CALABRIA

Redlining Under Calabria (and Today)



CDFIs were made Second Class Members of FHLB during Calabria Tenure (2019-2021):

- Reduced advance rates for CDFIs
- Excluded CDFIs from numerous programs:
 - ✓ Community Financial Institution Lending Programs
 - ✓ WISH First-Time Homeowner Program
 - ✓ IDEA First-Time Homeowner Program
 - ✓ Mortgage Partnership Finance Program
- Required same membership fees/investment

REDLINING IS KEPT COVERT TODAY

FHLBank San Francisco

Contact | Member Portal Login

Members ▾ Community Programs ▾ Resources ▾ Work With Us ▾ About ▾

Powering Resilience

We're partnering with our members to meet the changing needs of customers and communities.

FHLBank San Francisco helps local lenders in Arizona, California, and Nevada create opportunity and change lives for the better.

The products, services, tools, and resources we provide to our member financial institutions promote homeownership, expand access to quality affordable housing, boost economic development, seed or sustain small businesses, and revitalize communities.

About

Mission Focused: How We Support Our Member CDFIs


Our CDFI members are on the front lines of providing capital to low-income communities in all economic cycles, and are in a unique position to address the economic dislocation created by the COVID-19 ...

Mission Focused: How We Support Our Member CDFIs

- Powerful institutions portray their actions as noble
- Limit public disclosure of actions that negatively impact the community
- No mention of disparate treatment of CDFI members compared to Bank members
- No mention of changes to policies effecting members primarily serving minority borrowers and communities
- Public left to wonder why Black homeownership still so low

FHLB CREATED A NEW CATEGORY OF “SECOND CLASS” MEMBERSHIP FOR CDFIs

FHLBank San Francisco



Member or Nonmember Credit Quality Rating	All Members and Nonmembers		Members and Nonmembers with Credit Outstanding			
	Number	Number	Credit Outstanding ⁽¹⁾	Collateral Borrowing Capacity ⁽²⁾		
				Total	Used	
1-3	271	151	\$ 67,982	\$ 204,970	33%	
4-6	54	33	18,654	50,732	37	
7-10	5	4	41	65	63	
Subtotal	330	188	86,677	255,767	34	
CDFIs	7	5	102	112	91	
Housing associates	2	—	—	—	—	
Total	339	193	\$ 86,779	\$ 255,879	34%	

December 31, 2018

All Members and Nonmembers		Members and Nonmembers with Credit Outstanding				
Member or Nonmember Credit Quality Rating	Number	Number	Credit Outstanding ⁽¹⁾	Collateral Borrowing Capacity ⁽²⁾		
				Total	Used	
1-3	267	161	\$ 90,322	\$ 242,351	37%	
4-6	56	35	1,183	5,576	21	
7-10	3	2	7	34	21	
Subtotal	326	198	91,512	247,961	37	
CDFIs	9	5	123	133	9	
Housing associates	2	1	41	118	3	
Total	337	204	\$ 91,676	\$ 248,212	37%	

- SEC filings show that FHLB’s loans to CDFIs represented 0.118% of Total Lending
- 4% (5 of 118) CDFIs in California, Arizona and Nevada provided financing by FHLB (~\$20 million each)
- Website words don’t match reality

Mission Focused: How We Support Our Member CDFIs

Our CDFI members are on the front lines of providing capital to low-income communities in all economic cycles, and are in a unique position to address the economic dislocation created by the COVID-19 ...

FHLB WEBSITE PROVIDES MISLEADING IMPRESSION

FHLBank
San Francisco

Mission Focused: How We Support Our Member CDFIs

FHLBank San Francisco's Community Development Financial Institution (CDFI) members are on the front lines of providing capital to low-income communities in all economic cycles and are in a unique position to address the economic dislocation created by the COVID-19 pandemic.

We support the missions of our non-depository CDFI members with access to low-cost capital and grants for affordable housing and economic development. Together, we can reach deeper into underserved and marginalized communities and make them more equitable and resilient.



*(as of 12/31/20)

CREDIT

- CDFI Loan Balances represented 0.118% of FHLB-SF Total Lending*
- FHLB-SF had \$102 million in loans to CDFIs, compared to loans of \$87 billion to Banks*
- FHLB-SF has made under \$60 million of loans to CDFIs annually over the past decade

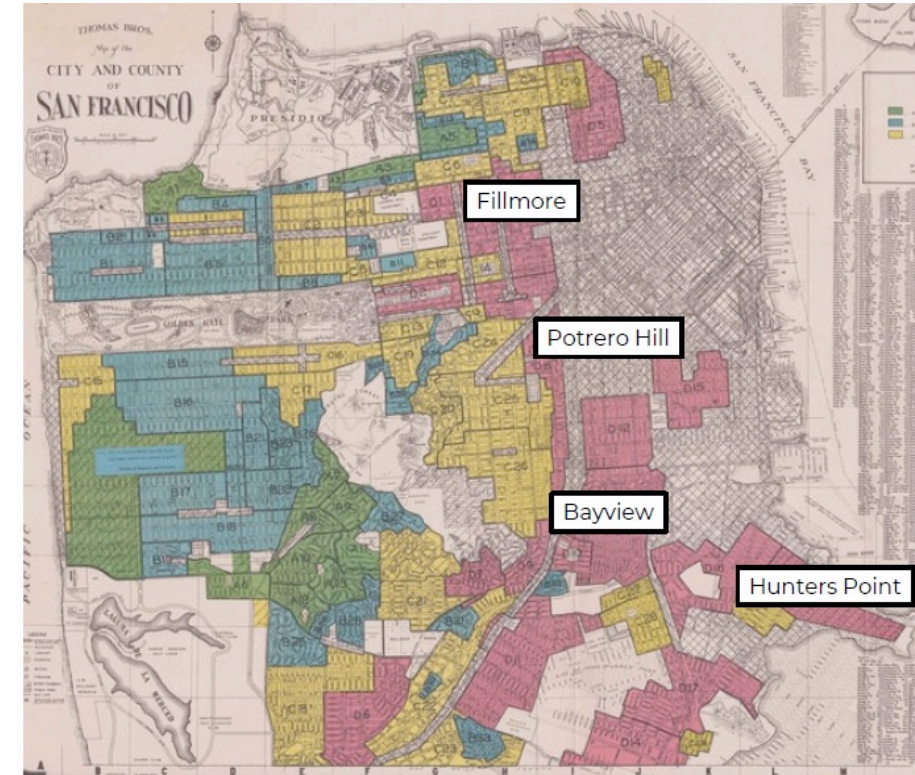
FHLBank
San Francisco
EXAMPLE

FHLB WHITE-WASHES ITS HISTORY OF REDLINING

FHLB Website as of
7/25/21

HISTORY

Established during the Great Depression to improve the housing finance system by encouraging credit flow throughout the country for mortgages, the Federal Home Loan Bank System consistently delivers low-cost liquidity to the housing finance industry to better serve the needs of their communities. Since 1932, the FHLBank System has been a vital source of liquidity for its members – today, nearly 7,000 financial institutions, or 80% nationwide, rely on their regional Federal Home Loan Bank to help meet the changing credit needs of their customers and communities.



REGULATORS: FHLB DISCOURAGES CDFIs “FROM SEEKING MEMBERSHIP” BASED ON “A PERCEPTION OF RISK THAT IS NOT WARRANTED”

United States Government Accountability Office



Report to Congressional Requesters

April 2015

FEDERAL HOME LOAN BANKS

Collateral
Requirements
Discourage Some
Community
Development
Financial Institutions
from Seeking
Membership

Federal Register / Vol. 75, No. 2 / Tuesday, January 5, 2010

Bank and depository institution commenters, in general, expressed concern that CDFI membership would compromise safe and sound lending practices and have an adverse financial impact on the Banks. Those concerns appear to be more closely related to risks of lending to a member, rather than to the key issue of this rulemaking, which relates to whether particular CDFIs have satisfied the statutory and regulatory requirements for membership. FHFA finds that these comments reflect a perception of risk that is not warranted by the performance of the CDFI sector or the asset size of these institutions.¹

¹ See Social Funds Community Investment Center, “Community Investing” (<http://www.communityinvest.org/overview/index.cfm>. Accessed on 7/27/09). According to this study, between 2003 and 2005, loan loss ratios among CDFIs were less than one percent.

FHLB CEO ADMITS THAT RULES FOR CDFIs ABOUT “COLLATERAL HAIRCUTS/MARGINS AND MONITORING, DIFFER FROM OTHER MEMBER TYPES”



Greg Seibly
President and Chief Executive Officer

February 28, 2019



The Bank has substantial experience in lending to CDFIs throughout the 11th District. While CDFIs are a relatively new member class for FHLBanks, the Bank has always been a leader in its dealings with members in this category. As was discussed in the January meeting, the secured credit framework for CDFI members, most specifically the collateral haircuts/margins and monitoring, differ from other member types in some regards. This is due to several risk-

Regards,

A handwritten signature in black ink, appearing to read "Greg Seibly".

Greg Seibly

cc: Andre Galeano (FHFA)

Federal Register / Vol. 75, No. 2 / Tuesday, January 5, 2010

To the extent that the collateral and advances regulations may need to be revised to better accommodate CDFI members, FHFA would undertake those changes as part of a separate rulemaking.



NO SEPARATE RULEMAKING HAS EVER TAKEN PLACE.

CALABRIA CHANGED FHFA POSITIONS TO PERMIT 21ST CENTURY REDLINING



“CDFIs that satisfy the requirements for membership are entitled to become Bank members.”



Calabria allowed Second Class membership by FHLB for CDFIs.

Concerns that CDFI lending is inherently higher risk than bank lending is a “perception that is not warranted by the performance of the CDFI sector.”



Calabria requires CDFI lending be treated as inherently higher risk by FHLB resulting in systemically lower advance rates for CDFIs

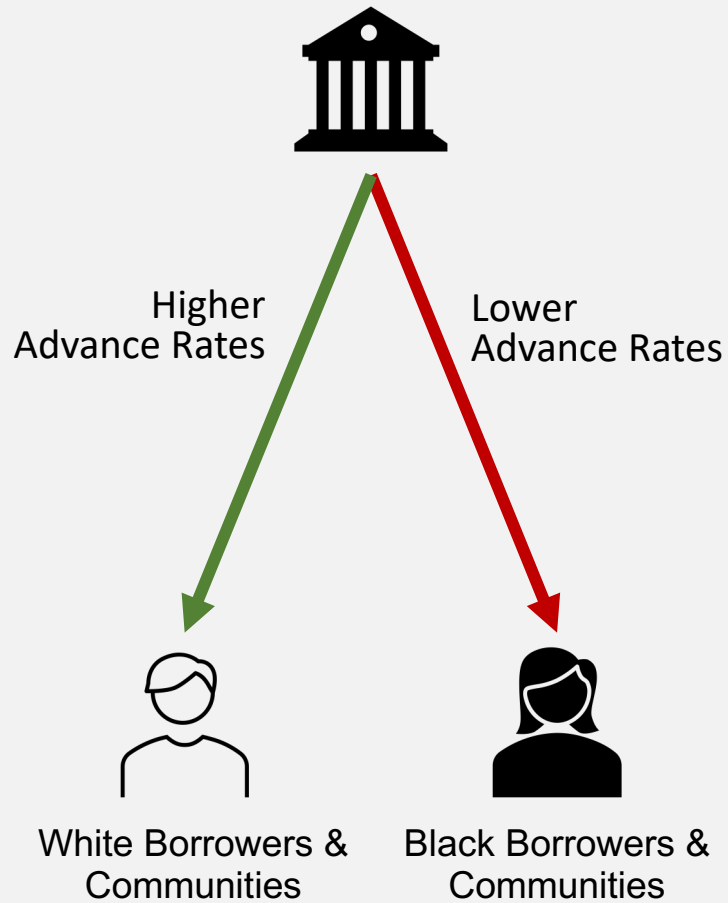
“[T]o the extent that the collateral and advances regulations may need to be revised to better accommodate CDFI members, FHFA would undertake those changes as part of a separate rulemaking.”



Calabria FHFA covertly changed collateral and advances rules at FHLB for CDFIs without separate rulemaking or public notice.

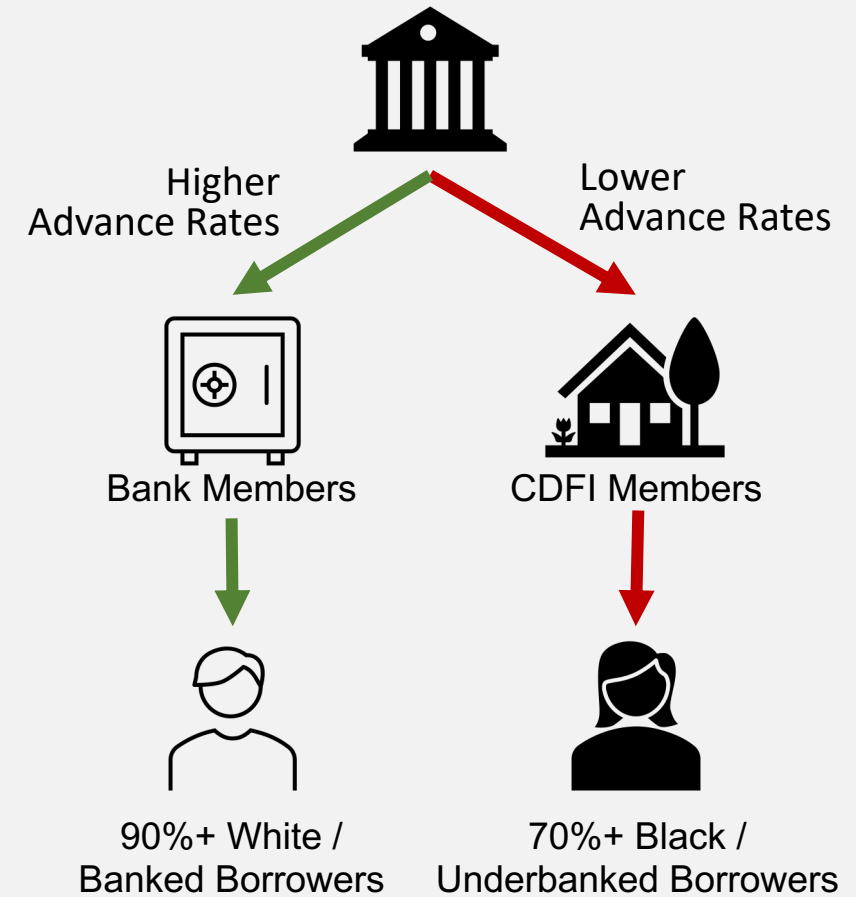
FHLB'S 21ST CENTURY REDLINING = SAME RESULTS AS JIM CROW REDLINING

Redlining Under Jim Crow



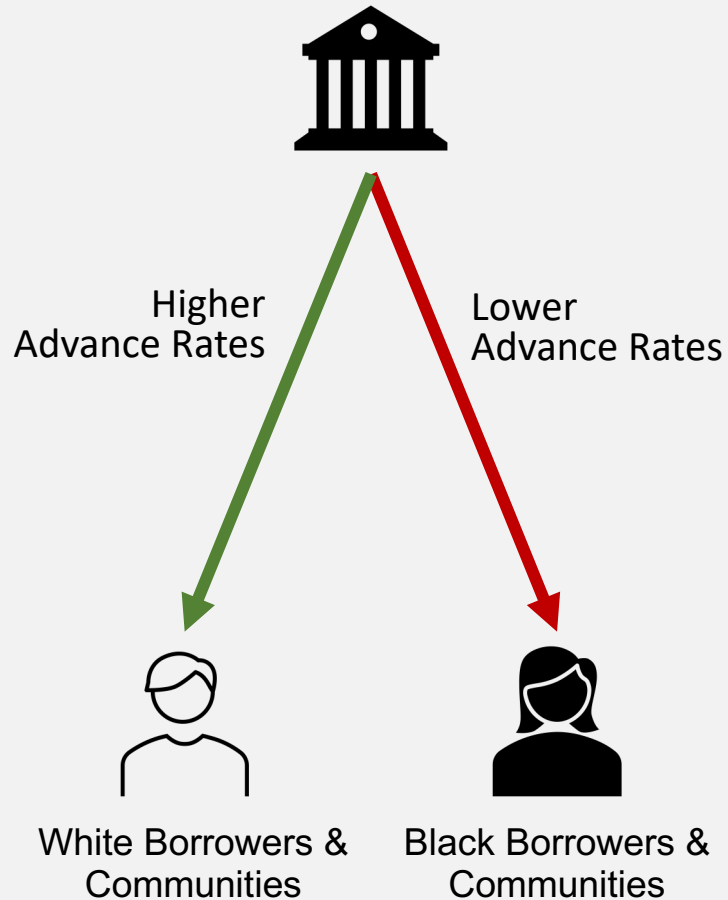
FHLBank
San Francisco
EXAMPLE

Redlining Under Calabria (and Today)



FHLB'S 21ST CENTURY REDLINING = SAME RESULTS AS JIM CROW REDLINING

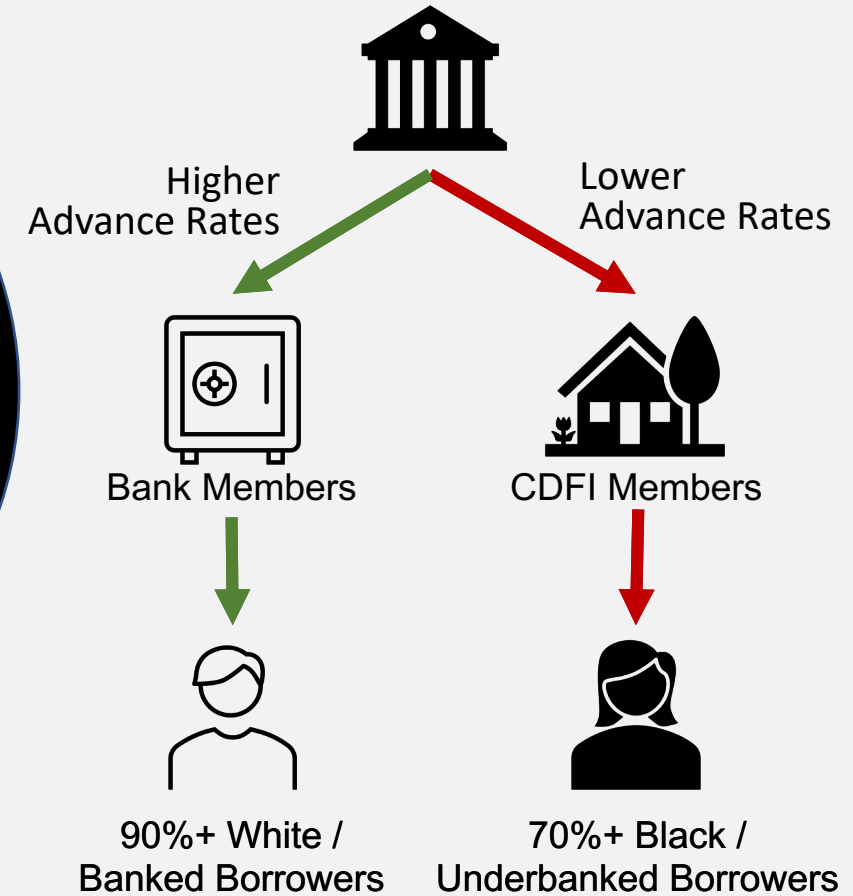
Redlining Under Jim Crow



FHLBank
San Francisco
EXAMPLE

**Impossible Under
Calabria Rules for
a CDFI with same
Portfolio as a Bank
to get same Credit
Terms as the Bank**

Redlining Under Calabria (and Today)



FHLB'S 21ST CENTURY REDLINING = SAME RESULTS AS JIM CROW REDLINING

Redlining Under Jim Crow


FHLBank
San Francisco


EXAMPLE


Redlining Under Calabria (and Today)

The same communities redlined during the Jim Crow Era are again suffering from government sanctioned redlining:

- ✓ Worse terms to CDFI lenders: Serve over 70%+ Black and Underbanked borrowers
- ✓ Justified based on “credit risk”
- ✓ Claim to be “Mission-focused”
- ✓ No evidence of credit risk. Never lost a single dollar on a loan to a CDFI... EVER.
- ✓ Owned by same banks not serving the underbanked directly...
- ✓ Results in higher cost loans to Black Homeowners, Lower Home Prices, and greater disparity in the racial wealth gap


White Borrowers &
Communities

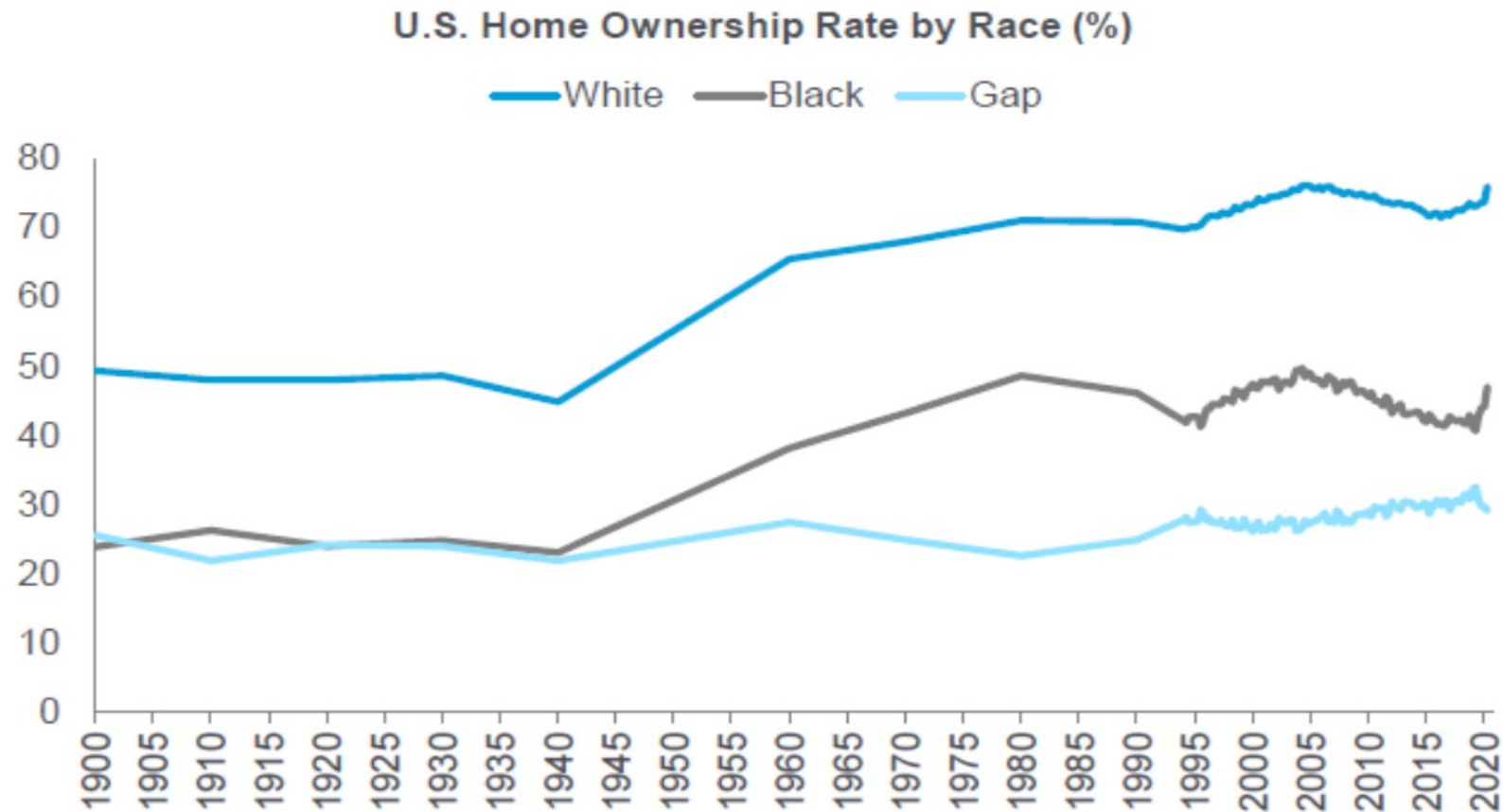

Black Borrowers &
Communities


90%+ White /
Banked Borrowers


70%+ Black /
Underbanked Borrowers

GAP BETWEEN BLACK & WHITE HOMEOWNERSHIP HAS INCREASED SINCE JIM CROW, THE FAIR HOUSING ACT (1968), AND THE EQUAL CREDIT OPPORTUNITY ACT (1974)

Figure 26. The Gap Between Black and White Homeownership Rates Remains Wide



Source: Steven Ruggles, Sarah Flood, Ronald Goeken, Josiah Grover, Erin Meyer, Jose Pacas and Matthew Sobek. IPUMS USA: Version 10.0 [dataset]. Minneapolis, MN: IPUMS, 2020. <https://doi.org/10.18128/D010.V10.0>, Census Bureau, FRED, Citi Research.

OUR ADVOCACY NEEDS TO ADDRESS ALL FORMS OF REDLINING & SYSTEMIC RACISM

Example on Following Page

Requests for
Racial data of
lending/loans that
identify loans to
Black/Minority
Borrowers as part
of Credit Review
Process*

Rules reducing
lending to CDFIs
(even for same
loan to same
borrower)

Rules creating
Separate Class of
Membership for
CDFIs (same
capital
investment, fewer
benefits)

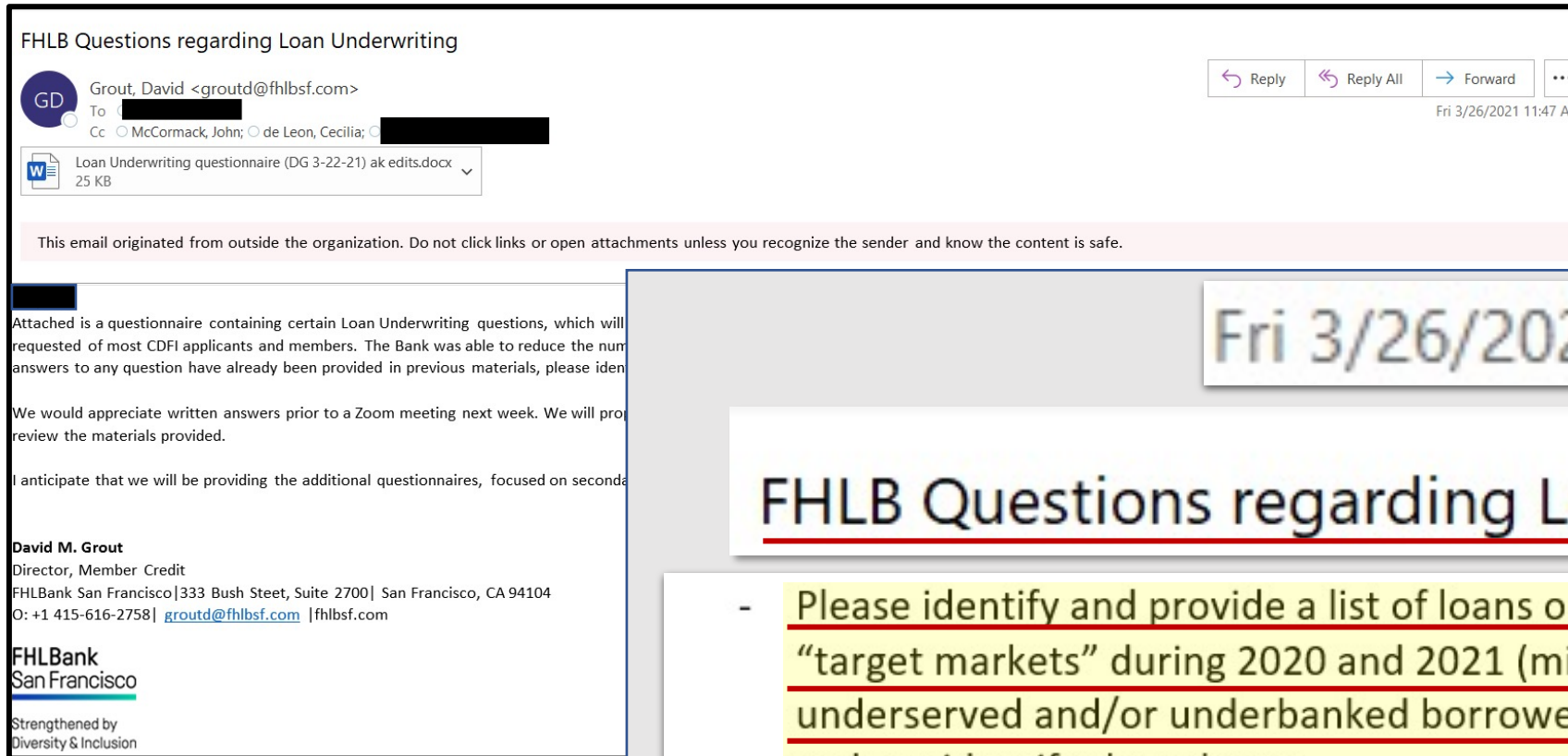
Different
“Guarantee Fees”
and “Waivers” at
GSEs (e.g.,
Warrantless
Condos) for
CDFIs

Appraisal Rules
re-enforce
historical
valuations
depressed by
unfair lending
policies

(as recently as 3/26/21)

FHLB STILL WANTS TO KNOW BORROWERS' RACE TO EVALUATE CREDIT RISK

FHLBank
San Francisco
EXAMPLE



Fri 3/26/2021

FHLB Questions regarding Loan Underwriting

- Please identify and provide a list of loans originated specially to serve “target markets” during 2020 and 2021 (minority, disadvantaged, underserved and/or underbanked borrowers). Perhaps you have a system code to identify these loans.

David M. Grout

Director, Member Credit

FHLBank San Francisco | 333 Bush Street, Suite 2700 | San Francisco, CA 94104

O: +1 415-616-2758 | groutd@fhlbsf.com | fhlbsf.com

REDLINING & SYSTEMIC RACISM RESULTS IN A \$1 TRILLION MARKET OF PRIME LOANS NOT MADE BY BANKS

\$1 Trillion

Addressable market of prime loans not served by banks.

--Jamie Dimon

\$10 Billion

Profit opportunity over 5 years for lenders willing to serve the Underbanked

20 Million

Prime underserved borrowers

5 Million

Consumers cannot secure a loan

15 Million

Borrowers get overcharged for loans

\$65,000

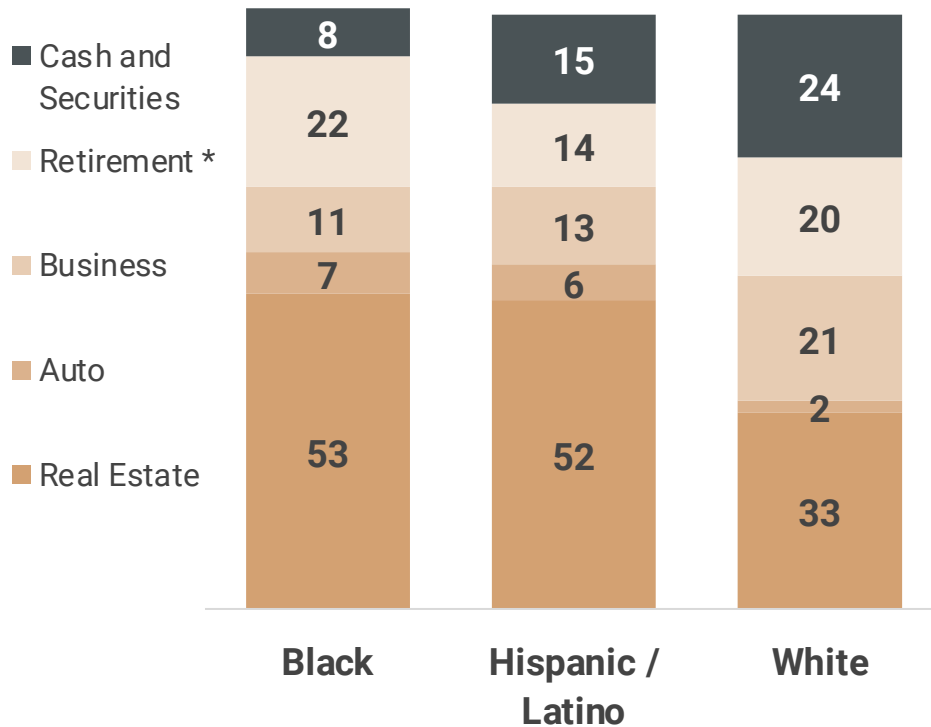
Potential mortgage interest savings for Underbanked Black Borrowers

**RACIAL EQUITY IN HOMEOWNERSHIP
REQUIRES BILLIONS OF DOLLARS OF
LENDING BY FHLB TO CDFIs**

REDLINING & SYSTEMIC RACISM IS RESULTING IN A LACK LIQUIDITY FOR BLACK AMERICANS

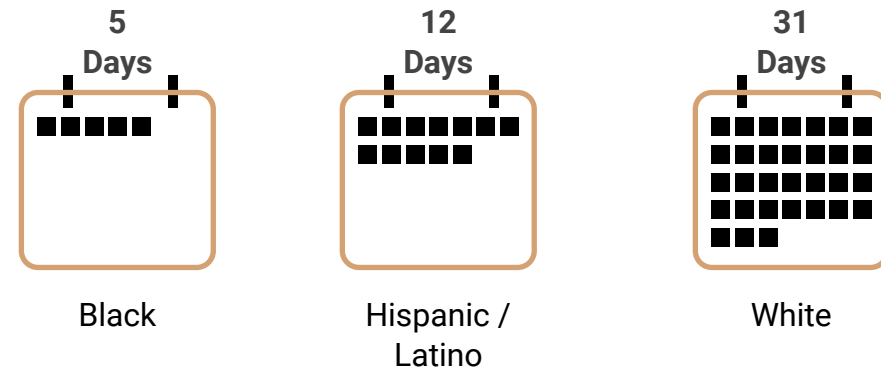
OVER 50% OF UNDERBANKED NET WORTH IS IN REAL ESTATE

OVER 80% OF NET WORTH IN ILLIQUID ASSETS



UNDERBANKED OFTEN “HOUSE POOR” DUE TO TRAPPED HOME EQUITY

AVERAGE DAYS OF LIQUIDITY ON HAND



UNIVERSITY RESEARCH FINDINGS

- Black families pay higher note rates than white families with similar mortgages
- Based on regulatory debt-to-income limits, this results in lower loan amounts (LTVs) and additional “trapped equity” for Blacks

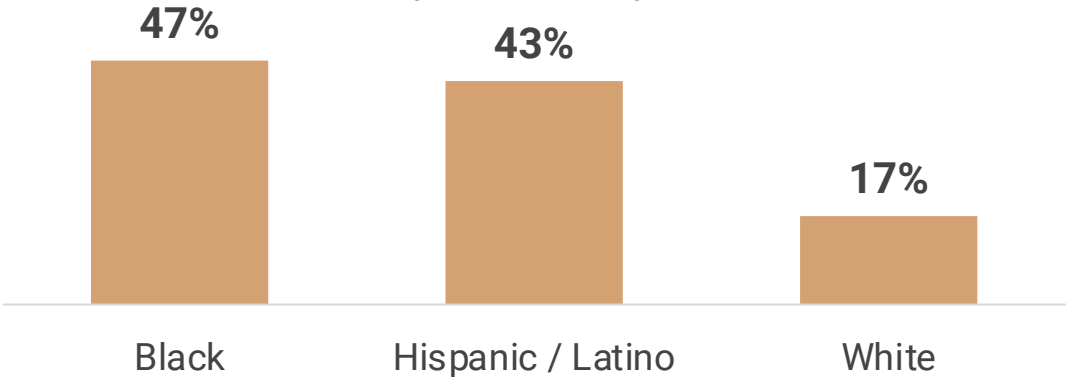
* Includes inheritance.

Source: McKinsey & Company; The Federal Reserve; Urban Institute; Wall Street Journal

Source: MIT

REDLINING & SYSTEMIC RACISM ARE PERVASIVE RESULTING IN LACK OF BANKING SERVICES FOR BLACK AMERICANS

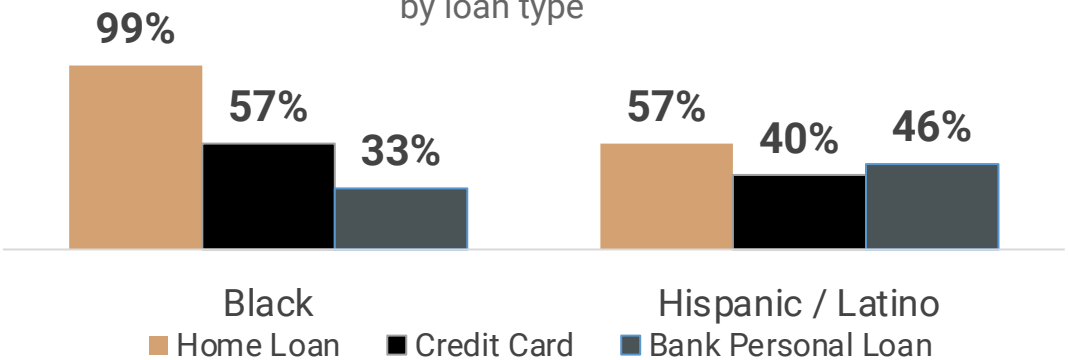
UNDERBANKED
by race/ethnicity



RESULTING IN:

- 1 REDUCED HOMEOWNERSHIP
- 2 REDUCED LIQUIDITY
- 3 PERSISTENT POVERTY

RACIAL INEQUITY
by loan type



Racial inequity is measured by the percent increase in loans to Black and Hispanic/Latino borrowers necessary to cause Black and Hispanic/Latino borrowers to have equal access to loans as white Americans.

BLACK HOMEOWNERS SHOULD NOT BE CHARGED HIGHER MORTGAGE RATES

ACTUAL RESULTS FY2020	Black Borrowers	Underbanked Borrowers	Banked Borrowers
Avg Loan-to-Value	81%	76%	65%
Avg FICO	705	739	758
Avg Loan Amount	\$345,000	\$320,000	\$460,000
Avg Note Rate	3.11%	3.22%	3.24%

20,000
LOANS IN 2020

\$10 BILLION
LENDING TO
UNDERBANKED

\$2 BILLION
LENDING IN PERSISTENT
POVERTY COMMUNITIES

* Racial equity means: Just and fair inclusion in an economy in which all can participate, prosper, and reach their full potential.

** Persistent poverty counties are defined as counties with poverty rates over 20% for each census over the last three decades.

LENDING TO BLACK HOMEOWNERS CAN BE DONE SAFELY AND SOUNDLY

746

Average FICO

72%

Average LTV

84%

Purchase /
R&T Refinance

3.23%

Average Interest Rate

over
\$7,000,000,000
Lending in 2020

>4%

Gain on Sale
Margin


LOANS TO BLACK HOMEOWNERS ARE NOW ACCEPTED IN WALL STREET SECURITIZATIONS

STRUCTURED
FINANCE
ASSOCIATION

SFA Research Corner

Serving the Underserved



April 28, 2021



WHAT WE'RE WATCHING

Angelo, Gordon & Co. LP, a global asset management firm, issued Gold Creek Asset Trust (GCAT) 2021-NQM1 in March. The pool is backed by 534 fixed-and floating-rate non-prime mortgage loans originated by various financial institutions and purchased by Blue River Mortgage II LLC, Angelo, Gordon's non-QM mortgage loan aggregator, as stated by a [KBRA](#) new-issue report. Unlike the majority of private-label RMBS, 41% of the GCAT 2021-NQM1 pool was originated by three entities designated as Community Development Financial Institutions (CDFIs).

CDFIs are private financial institutions whose primary mission is to support community development by providing financing to low-income, low-wealth individuals—a population that has been historically underserved by traditional lenders. GCAT 2021-NQM1 exemplifies how securitization can be used as a tool to connect investment capital to underserved communities. By including CDFI-originated loans as part of a broader securitized pool, issuers can offer investors highly-rated securities that are collateralized by a diversified pool of loans. Since the CDFI loans facilitate a social mission, the securities may also help fulfill a particular ESG investment strategy. By working with loan aggregators, CDFIs, which by design are small institutions with small portfolios, can maximize their lending capacities quickly and efficiently. With these opportunities in mind, we believe more partnerships between CDFIs and the securitization markets could prove valuable in the years to come.

 [Elen Callahan](#)
Head of Research
 203.512.0503

THE CHANGE COMPANY USES COMMON SENSE UNDERWRITING TO EXPAND HOMEOWNERSHIP

CHANGE COMMUNITY MORTGAGE PROGRAM:

A RETURN TO COMMON-SENSE LENDING

Only Change Wholesale dramatically simplifies the loan process, opening the door to more prime borrowers.

LOAN AMOUNTS UP TO
\$3 MIL.

UP TO
80% LTV

FICO
STARTING AT
640

RESERVES FROM
THREE MONTHS

Qualify borrowers in 3 simple steps:

Originators get results faster, grow their business, and serve more borrowers.



CONFIRM LTV



CONFIRM FICO



VERIFY RESERVES

Contact Change Wholesale to learn more about Community Mortgage. [ChangeWholesale.com](https://www.ChangeWholesale.com)

Change
WHOLESALE



Community Mortgage loan program not available in CO, DC, MD, NV, or WA. CA: Interest-only prohibited for FICO's below 660. IL: Allowed provided payment is based on fully indexed rate. TX: Interest-only prohibited. OH: Interest-only on Adjustable-Rate (ARM) loans.
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THE CHANGE COMPANY SEEKS TO LEND TO MORE BLACK HOMEOWNERS

**We're Like a Bank...
But We Want to Lend You Money**

ChangeFi.com

**APPLY FOR YOUR
HOME LOAN TODAY**

(877) 246-6840

All home loans are made by Change Lending, LLC, a state-licensed mortgage lender and broker, MMLS ID # 1039, which is an affiliate of ChangeFi. Loans are subject to credit approval and acceptable collateral. Programs, rates, terms, and conditions may change without notice. Not all programs are available in all states. No guarantee all borrowers will qualify. All loans are subject to credit approval and acceptable collateral. Additional terms and conditions apply. Programs, rates, terms and conditions may change without notice. All programs are not available in all states. There is no guarantee that all borrowers will qualify. Restrictions may apply. This is not a commitment to lend. Terms, conditions and programs are subject to change without notice. CHM AND ITS LOAN PRODUCTS ARE NOT SPONSORED OR ENDORSED OR BEING OFFERED BY THE U.S. TREASURY DEPARTMENT OR ANY OTHER GOVERNMENT AGENCY.

Loans Banks Should Offer.

ChangeFi.com

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Equity Begins With A Loan.

ChangeFi.com

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**Home Loans for
Entrepreneurs,
Freelancers,
Immigrants,
Retirees...**



**\$25 Billion of
Home Loans.
Zero
Foreclosures.**



Foreclosure data for loans owned by Change Lending, LLC since its CDFI certification April 19, 2018

THE CHANGE COMPANY SEEKS TO END OTHER SYSTEMIC RACISM FACED BY BLACK AND URBAN HOMEOWNERS



SYRITA BUFORD
President
Change AMC

Black/Female Run Appraisal
Management Company and Home
Insurance Company focused on
serving Urban Communities, fairly
and responsibly



FAYE MCCLURE
President
Urban Advantage Insurance

THE CHANGE COMPANY'S LEADERSHIP HAS TRACK RECORD OF ADVOCACY ON ISSUES OF SOCIAL & RACIAL EQUITY

Our team is built to run a socially responsible financial institution

OFFICERS AND DIRECTORS



Antonio Villaraigosa



Chris Garner



Steven Sugarman



Jeff Seabold



Carlos Salas



Martice Mills



Ted Ray



B.C. Silver



Faye McClure



Thedora Nickel



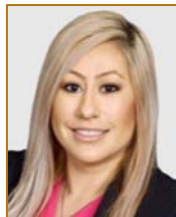
Syrita Buford



Jon Irvine



Kari Hallowell



Angie Miranda



Jesse Elhai



Janet Hargreaves



Donna Turpin

COMMUNITY BOARD



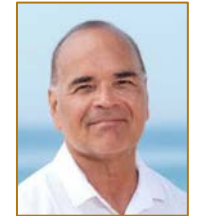
Rev. Everett Bell



Beatrice Stotzer



Ashley Thomas III



Richard Ramos



Regina Peterson



Pastor Jack Miranda



Theresa Martinez



Rev. Dr. Charles Dorsey

BOARD
DIVERSITY
>60%

C-SUITE
DIVERSITY
>60%

STAFF
DIVERSITY
>60%

* Diversity figures include LGBTQ+, female, and racial/ethnic minorities.

THE CHANGE COMPANY IS ENGAGING IN ADVOCACY TO ELIMINATE REDLINING; HOPES NAREB WILL JOIN US

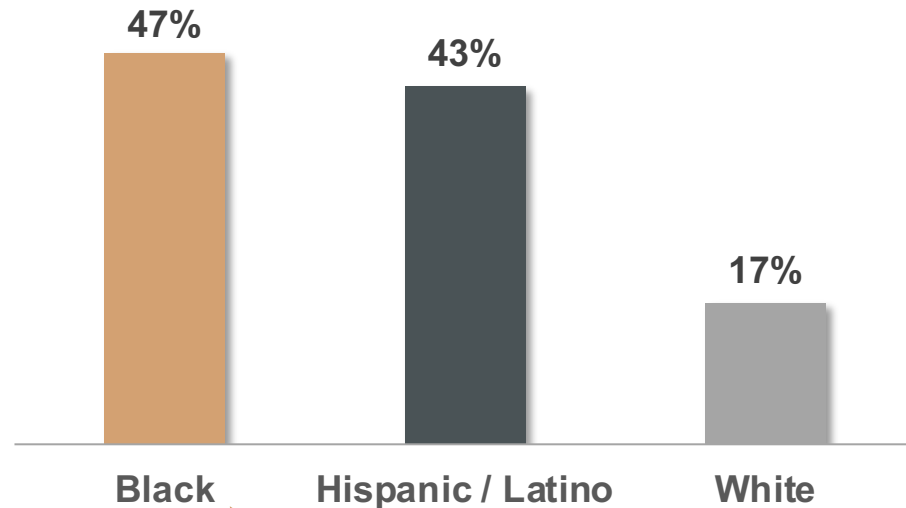
**WE ARE FOCUSED ON THE FHFA'S SANCTIONING OF REDLINING BY FHLB BANKS –
FOR-PROFIT, PRIVATELY OWNED BANKS SUBSIDIZED BY THE U.S. GOVERNMENT
TO EXPAND HOMEOWNERSHIP.**

- Demand elimination of programs that systemically disadvantage Black Homeowners and their lenders
- Lend your voice to Lawsuits, Advocacy and Challenges seeking to eliminate redlining in housing
- Partner with those who share your goals and seek to bring racial and social equity to homeownership
 - ✓ Lending
 - ✓ Appraisal Management
 - ✓ Insurance

FHLB-SF IS OWNED AND CONTROLLED BY THE FOR-PROFIT BANKS THAT HAVE ALLOWED THE STATISTICS BELOW TO EXIST AND PERSIST

UNDERBANKED U.S. HOUSEHOLDS

by race / ethnicity



2.7x

More likely to use pawn loans than white households

3.1x

More likely to use payday loans than white households

WHY IS THIS HAPPENING?

FINANCIAL REDLINING

- “Black and Hispanic people spend **50 to 100 percent more per month** for basic banking services, which, over a lifetime, can cost **\$40,000 in fees**” – Wole Coaxum, Founder, Mobility Capital Finance
- Banks in black neighborhoods require customers to deposit an average of **60 percent** of their paychecks to avoid fees or account closures, compared to just **28 percent** in white neighborhoods

GEOGRAPHIC REDLINING

- In majority-white counties, there are **41** financial institutions for every 100,000 people compared to **27** in non-white majority neighborhoods
- Lack of nearby physical branch locations force customers to seek more costly financial service providers

For borrowers with FICO scores above 660, **21 percent of black individuals** typically end up with a **higher-risk, higher-priced mortgage**, compared with **6 percent of white borrowers**

NEW LEADERSHIP AT FHFA PROVIDES A UNIQUE OPPORTUNITY TO END REDLINING TODAY



- Sandra Thompson is currently Acting Director of FHFA
- History of advocacy for community development and fair lending
- Appetite to take on the redlining implemented while she served as a Deputy Director at FHFA is unclear
- **Key Question**: Will Director Thompson chose to continue Calabria's practices that permit 21st Century redlining?

**THERE IS AN URGENT NEED FOR ADVOCACY
TO END REDLINING AT FOR-PROFIT FHLB BANKS**



Thank you 😊
It's time for Change.

Change